



## **401(k) Academy Tools**

### **INFORMATIONAL ARTICLE TITLED: Should I offer Retirement Plan Services?**

**AUTHOR: J.D. Carlson President/CEO of Plan Design Consultants, Inc.**

*Whether you are making the decision to begin offering Retirement Plan Services or simply deciding if you should ramp up this area it is important to consider the realities of how it will affect your overall business model. The three major areas to consider are TIME COMMITMENT, TRAINING NEEDED and REVENUE PRODUCED. After considering these three areas many Financial Advisors will discover that Retirement Plan Services not only complements their current business model, but can actually have a positive impact on other areas.*

#### **TIME COMMITMENT**

*obviously, this can vary by client and your personal opinion and approach to each client but overall most Advisors will find that the retention of a retirement plan client is fairly easy. Minimal time commitment is needed as long as it is applied in the proper areas. Basically the Advisor service of a retirement plan falls into 2 basic areas throughout the year. The first being the execution of Employee Education meetings, these meetings can be for new enrollees or they can be simply on-going education to current participants. When asked....most Plan Sponsors will request one to two employee education meetings per year. This means that "all-in" preparation, travel and execution would take about between 8-10 hours per year of Advisor commitment to this area. The second major area of Advisor service is the Fiduciary Review meeting. This type of meeting should be held at least once per year and is typically about 60 minutes in length. Preparation for the meeting should take 2-3 hours maximum if done the proper way (see 401k Academy Fiduciary Review Guide). This meeting is crucial to client retention and definitely time well spent. For a typical plan of 500k to 5million in assets your total time commitment annual should vary between 10-15 hours per year.*

#### **TRAINING NEEDED**

*This is where the value of the 401(k) Academy and partnership with Plan Design Consultants can really help. By simply spending some time with our 401(k) Academy Tools and learning from your PDC Sales Consultant/Vendor Analyst you can quickly become very well versed on the areas that demand your attention. We offer a healthy dose of educational webinars that can assist in keeping your retirement plan game sharp. Don't forget that many leading Recordkeepers can support you with live local client service reps that can actually attend Fiduciary Review Meetings and prepare reports.*

#### **REVENUE PRODUCED**

*Based on some earlier assumptions; you would spend about 10-15 hours per client annually. If you make \$5,000 per client in revenue that equates to approximately \$333 to \$500 per hour. If you make \$7,500 per client in revenue that equates to approximately \$500 to \$750 per hour. If you have 40 retirement plan clients you could average \$200,000 to \$300,000 per year and only take you 400 to 600 hours per year. I want even get started on delegation and using other junior members of your firm to assist in the service to these plans. Retirement Plan Services if done properly can be a great source of revenue for your firm, but the real opportunity is the ancillary business opportunities that it provides. Retirement Plan Clients provide you access to thousands of employees in need of other Financial Services.*